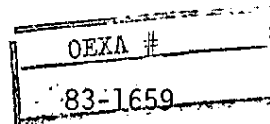


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12 July 1983

MEMORANDUM FOR:

Executive Director, Central Intelligence Agency

FROM:

William J. Casey
Director of Central Intelligence

SUBJECT:

Review of Program for Control of Cost Growth and
Elimination of Lower-Priority Tasks

1. Congressional support of our mutual efforts to improve our foreign intelligence capabilities is critical to our continued success. This support has been excellent in recent years, but it is evident that we must do a better job in explaining how we identify and reduce or eliminate lower-priority tasks in order to pursue critical new initiatives.

2. The funding outlook requires that we carefully manage both ongoing and new programs to ensure that we avoid cost overruns, price escalations, and program slippages. Negotiation and monitoring of the various contracts vital to CIA activities require top-level review. The Capabilities Programming and Budgeting (CPB) System provides some mechanisms to detect cost increases and performance problems; however, you should advise me of any emerging difficulties as early as possible, to permit a Community-wide effort to remedy any collection, processing, and analytical problems.

3. The House Permanent Select Committee on Intelligence (HPSCI), in the classified report for the FY 1984 authorization, urges that we slow manpower growth by establishing a comprehensive program evaluation process to scrutinize programs in order to reduce lower-priority efforts. It appears to me that proper manpower tradeoffs have been made and that real growth is needed for essential new efforts. In view of continuing HPSCI concerns, however, you should examine CIAP manpower needs for FY 1984 and FY 1985 and work with the Intelligence Community Staff (ICS) in identifying tradeoffs, documenting the impact of these reductions for lower-priority efforts, and identifying and justifying any necessary personnel increases.

4. Another area requiring top-level management attention in the Intelligence Community is the elimination of inefficiency, waste, and abuse. The protection of intelligence sources and methods requires that many of our activities be exempt from outside review. Accordingly, it is necessary that



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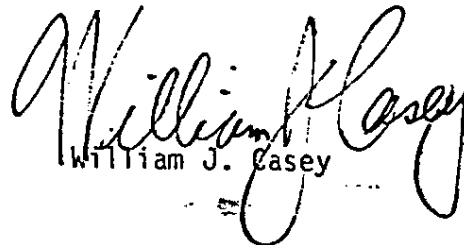
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SUBJECT: Review of Program for Control of Cost Growth and Elimination
of Lower-Priority Tasks

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our internal review and management oversight be especially vigorous. A presidential task force, headed by Peter Grace, is examining ways to control costs and reduce federal spending. Although security requirements for sensitive intelligence operations preclude public examination, we must examine areas identified in efforts such as the Grace group to adapt economies to our activities where it is safe and profitable to do so. Travel approval, ADP controls, property utilization, and utilization of research and development are areas worthy of self-examination. The economy and efficiency objectives that you are pursuing within CIA should be continued. The Intelligence Community Staff is charged with working with your staff in identifying steps that you are taking to ensure that Intelligence Community efforts in these areas are second to none in government. The continued availability of some unique intelligence arrangements depend upon our wise and judicious use of NFIP resources.

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William J. Casey

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